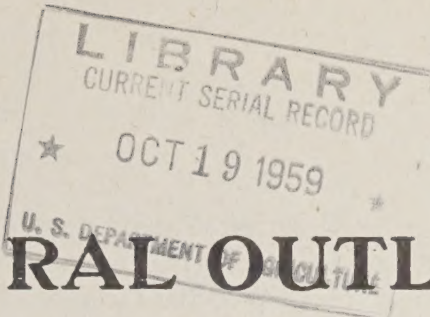


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# The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U. S. D. A.

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Cattle prices appear to be nearing a turning point as the buildup in numbers continues.

Cattle numbers are going up about 5 million head this year. Inventory of steers and beef heifers is expected to be around a fourth greater at the beginning of 1960 than 3 years earlier. This indicates an increase in slaughter next year, even if marketing is at a slow rate. But sharp gain in slaughter is unlikely since cow herd and calf crop have not yet expanded a great deal.

Cattle numbers are likely to continue upward several more years. If expansions continue at rapid rate, numbers may hit 115 million by 1964. A slower rate of expansion would hold the number to 110 million. For comparison, the January 1, 1960 number is likely to be around 102 million . . . the previous high was 96.8 million reached in 1956 and 1959.

Beginning of a price downswing seems likely in 1960. Prices have been unusually stable so far in 1959 following a two-year rise. This suggests they are near the high of the current cycle.

Decline in hog prices that began last summer had cut national average price to farmers about two-fifths by mid-July. Prices are likely to remain well below a year earlier through winter in view of 12% increase in this spring's crop and the planned increase of 8% in farrowings for the fall crop.

Outlook for fall points to earlier seasonal price low than usual. In next 8 or 9 months, prices are likely to fluctuate in much narrower range than normally.

EGGS. Some seasonal price increase is likely in the next few months though continued heavy production is expected to hold prices below last year. In July prices were generally steady, above the June low but below a year earlier.

FATS AND OILS. Record supplies of food fats are in prospect for the marketing year beginning October 1. Soybean supplies are expected to run close to last year's peak with increased stocks about offsetting lower production. Cottonseed oil production probably will be up more than a fourth and lard over a tenth.

Domestic use probably will go up with population growth. But increase in supplies means that exports will have to rise well above high 1958-59 level of 3.2 billion pounds to avoid big increase in stocks.

PEANUTS. Crop is down 6% from last year but exceeds needs for food and farm uses. Prices probably will average near support with CCC likely to acquire a substantial part of the crop.



FEED. Supply of concentrates per animal unit for 1959-60 will about equal this year's record. Grain production is expected to be about the same as last year and carryover is up. Byproduct feed production will at least equal this year, and wheat and rye feeding probably will be near 1958-59 rate. Total supply of all concentrates is expected to be up 9 million tons from 1958-59 total of 246 million. However, number of grain consuming livestock also is expected to rise.

July price indexes showed feed grains down 3% from year earlier . . . high protein feeds down 13%.

WHEAT. Prices are holding closer to support than is usual at this time of year. Adequate storage space is permitting farmers to hold wheat for later marketing. Also, less wheat is ineligible for support than last year.

Prices are likely to strengthen as usual after harvest movement slackens. Early season strength indicates 1959-60 average may exceed the \$1.72 of last year, even though support is a cent lower.

Wheat supply for 1959-60 is now estimated at 2,404 million bushels, made up of a crop of 1,119 million, a carryover of 1,277 million and imports of 8 million. About 625 million is expected to be used in this country. Assuming exports at 410 million . . . moderately less than in 1958-59 . . . carryover next July 1 would total 1,370 million.

FRUIT. Production prospects for deciduous fruit continued favorable through early August. Total is expected to exceed 1958 by 3% and 1948-57 average by 7%. Increased production in west means that crops marketed in heavy volume in late summer will be larger than in 1958.

PROCESSING VEGETABLES. Supply of canned vegetables for 1959-60 is likely to be down from last season. August estimates for 6 vegetables which usually make up bulk of the pack indicate total will be down 5% from last year. This more than offsets increase in beginning stocks. For frozen vegetables, however, moderate increase over last season is in prospect.

POTATOES. Production seems likely to continue to run below last year. Fall production, which accounts for bulk of annual total, is off 8 percent from last year's surplus crop but is 11% above average. Late summer crop is 2% less than last year but an equal percentage above average.

COTTON. First production estimate for 1959 crop was 14.8 million bales, 29% more than 1958 harvest. Yields are estimated at 474 pounds per acre, 8 pounds above 1958 record and near long-time "bale-an-acre" goal. Crop will be harvested from nearly 15 million acres.

WOOL. Prices in July averaged 16% above a year earlier, reflecting improvement in demand that began late last year.